

Fact Sheet

CORPORATE GOVERNANCE

California Public Employees' Retirement System • 400 P Street • Sacramento, California 95814

CalPERS 2004 Focus List Company At-A-Glance

The Walt Disney Company (DIS) – Burbank, California

CalPERS' Holdings: 9.41 million shares (0.46%)

Total Return Performance for Selected Periods Ending 03/31/04

Time Period Ended 3/31/04	Stock	Wilshire 2500 Index	S&P 500 Index	S&P 500 Consumer Discretionary Index
5 years	-15.88%	-2.24%	-5.85%	-1.44%
3 years	-9.80%	6.51%	1.91%	8.93%
1 year	48.15%	37.86%	35.10%	41.05%

Source: Bloomberg

The Problems:

Performance

- Disney's stock has significantly underperformed comparable indexes for the last 3, 5 & 10 years ending 3/31/04. Over last 10 years, the Company's stock increased by 92.88% while the S&P 500 increased by 201.74% during the same time period.

Governance

- At the March 3, 2004 Disney annual meeting, 43% of the shareholder vote was withheld from then Chairman and CEO Michael Eisner. None of the other eleven directors received less than 10% of the withhold vote while the withhold vote for George Mitchell (24%), Judith Estrin (22%), and John Bryson (22%) exceeded 20%.
- The significant withhold vote from Eisner and the rest of the Board clearly signals a lack of confidence in Eisner's ability to provide long-term value and the Board's inability to independently act that holds its actions and Eisner accountable.
- While the Board separated the role of Chairman and CEO and appointed George Mitchell as the company's new non-executive Chairman, nothing changed except the prescribed titles and subsequent promotion of Mitchell.
- The top five Disney executives were paid over \$68 million in total compensation over the past three years while the company's share price declined by approximately 50% through 9/30/03.
- Audit committee allowed external auditor to perform non-audit work -- 26% of the 2003 fees charged were for non-audit services.

What CalPERS Wants Disney to do:

- Instill greater Board independence.
- Develop a Board approved succession plan for CEO, Board Chair, and top officers.
- Tie a significant portion of the Company's long-term compensation to performance-based measures.